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ABSTRACT

This paper cites student financial aid as an instance of Federal policy effect on institutional autonomy. It first cites the Higher Education Act of 1972 as a change in Federal policy from institutional funding to portable grants for the student. The second part of the paper discusses the shift of emphasis from higher education to postsecondary education. In the third part, the lag of governmental appropriations is related to the interim financial responsibility of local institutions. Finally, the changing role of the local financial-aid office is examined, and the desirability of an autonomous Community College Foundation is recommended. (Author/DB)

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THE INTERIM EFFECT OF FEDERAL STUDENT AID POLICY ON THE COMMUNITY COLLEGE FINANCIAL AID OFFICER THROUGH BASIC EDUCATIONAL OPPORTUNITY GRANTS

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A Paper

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INTRODUCTION

Since World War II, the federal government has increasingly assumed leadership in policy decisions affecting higher education. The G.I. Bill, government-sponsored research, post-Sputnik funding for math and the sciences, dormitory and classroom construction, safe streets LEAA monies, health care scholarships and loans, NDSL, EOG, vocational-education funds have brought enormous federal financial resources to higher education with accompanying enlarged government role in state, local, and institutional affairs. The local role of the college has yielded to federal decision-makers through funding. Where once the churches funded the colleges and universities, and the individual states expanded public access to land-grant institutions, the federal government now influences the growth, both physical and fiscal, of higher education since the 50's. This paper will cite student financial aid as an instance of federal policy effect on institutional autonomy. It will first cite the Higher Education Act of 1972 as a change in federal policy from institutional funding to portable grants for the student. The second part of the paper will discuss the shift of emphasis from higher education to post-secondary education. Third, we will relate the lag of governmental appropriations to the interim financial responsibility of local institutions. Finally, the changing role of the local financial aid office will be examined, and the desirability of an autonomous Community College Foundation will be recommended.

I. FEDERAL STUDENT AID

Political decisions are influenced by the need to get elected and to stay in office. Individuals who have great influence on political decisions are themselves influenced in their choices by the need to gain and retain popular support.[1] This ambiguity in the relationship of political leader to constituent may be seen in the Higher Education Act of 1972. The Basic Educational Opportunity Grant shifts the recipient of financial aid funding from the institution acting for the student to a direct grant to the student himself. That is to say, the constituent of the federal legislator is not the non-voting institutional structure of a financial aid office but rather the 18-year old student-voter whose portable grant accompanies him to the post-secondary institution of his choice. The voter now has direct access to educational opportunity, and the politician has given his voter direct access to educational funds.

Originally, the federal government provided student aid funds for students through the agency of institutional financial aid officer. In 1958, the National Defense Student Loan fund was dispersed on the basis of institutional request to be matched in part with local college funds. In 1965, with the advent of the College Work Study Program and Educational Opportunity Grants, the college financial aid officer made the decisions concerning which students qualified for work study funds as well as those who qualified as economically disadvantaged. The financial aid officer dispensed the government funds to the qualified students while organizing a reserve of financial resources for student applicants.

The Higher Education Act of 1972 created new and comprehensive systems of student assistance.[2] The government took its cue from the 25 years of success

with direct grants to veterans who select the institution of their choice, not necessarily higher education but proprietary, vocational-technical, industrial, and more informal post-secondary educational institutions.[3] The Federal Budget states that the goal of equal educational opportunity has the greatest funding priority in higher education.[4] One no longer has to apply for what financial aid is available in a given institution. The application for funds by the institution shall no longer qualify it to be agent for such funds. Every individual who desires post-secondary education shall have a foundation of financial aid sufficient to pursue that goal. "Because this program is intended to reach a population never before served by federal student aid programs, with almost no restrictions as to the type of institution, the number of credits to be carried, or the curriculum to be studied, it is almost impossible to predict the potential size of the eligible participant group."[5] Two billion dollars annual appropriation could be necessary for this program.

At the present time, the law limits BEOG grants to one-half of the actual cost of attendance to the student. The Carnegie Commission recommends that this percentage of federal grant for low income students at community colleges be increased to 75% with the state to fund the remaining 25% for the first two years of post-secondary education.[6] An outcome of this funding pattern could be to reduce the tuition differential between private and public institutions, as low-cost community colleges, as well as other public institutions, could raise their tuition more nearly to a real cost figure without losing access to low-income students whose grant increases proportionately to tuition. But more critical for the needs of low-income students is the problem of the student having to match one-half the cost of tuition.[7] In terms of dollars in a

community college setting under former EOG funds, a low-income student could possibly receive up to $1000 along with a matched amount of NDSL, CWSP, or institutional resources. Under BEOG, the student will get 50% of institutional cost up to $1400 (if and when the program is fully funded) with the remaining 50% to be matched by his own initiative, state grants, or with institutional resources. Presently HEW is pushing a philosophy of a self-help concept whereby the student is expected to provide $800 or 40% of his educational costs.

A second feature of the 1972 Act is the change in the National Direct (no longer Defense) Student Loan program. These loans would no longer be provided as federal capital contributions to institutionally-dispensed funds whereby the student received the loan through the agency of the college. Now he will have to bargain with commercial lending institutions to arrange a loan at an undesirable interest rate for these inflation times, even though federally guaranteed against default. The low-income student, the independent student, the poor credit risk, the disadvantaged, minorities, even women will be hard-pressed to meet qualifying criteria imposed by local banks.[8] A more desirable feature of this provision of the Act is the creation of the National Commission on the Financing of Post-Secondary Education charged with exploration of income-contingent loan programs using a fixed graduated repayment schedule.[9] Some institutions have already experimented with tuition deferment plans and the prospect is favorable for a generalized technique of establishing loan repayment schedules based on later earning capacity as measured by Internal Revenue tax reports. The loan picture of federal policy is equally clear that a shift is taking place from government and college working together for the benefit of the student to a direct relationship of government with student. The student assumes the responsibility to negotiate his way through secondary sources in the commercial community which is not eager to risk low-yield loans.

II. POST-SECONDARY EDUCATION

The federal policy as articulated through the Act of 1972 no longer yields a corner on the educational market to institutions of "higher education." It states all shall have access to post-secondary educational opportunity. Student aid funds can thus be diverted to proprietary schools, technical institutes, local learning centers, open college opportunities, business and industrial training programs. College is not necessarily the best option facing the recent high school graduate, the returning Vietnam vet, the older student, the secondary education drop-out. The student "entitled" to a BEOG award chooses the educational opportunity most attractive and hopefully best suited to his needs. The government no longer favors higher education as the dispenser of financial aid. The student is the customer shopping for educational value where he chooses.

In this buyer's market, the community college will need to compete with other post-secondary institutions as well as the traditional colleges and universities. The local access, low-cost tuition, open admission, career curricula, and developmental support give the community college a distinctive profile in competition for student recruitment. However, the community college is going to have to hustle in its non-traditional adaptations to meet the needs of non-traditional students attracted to the equal educational opportunity for all afforded by the policy and funding intent of federal legislation. The tone of the traditional low-key profile of higher education may rise to the huckster's pitch of proprietary and commercial education publicity to provide the student with a bazaar of selectivity heretofore unavailable. The student's voucher will drive the bargain.

Hopefully, the response of the states to Section 1202 of the Act of 1972 will create a commission of planning responsibility necessary to enjoy the

federal financial assistance. The commission with its sights set on the many alternatives of post-secondary education must relate more directly to the planning process and political policy to develop the necessary coordination of institutions, programs, opportunities, and enforcements. Moreover, the commission must create the public pressure necessary to move the legislatures to fund, not just legislate but allocate, the resources to match the 50% (if the program is fully funded) BEOG grant for low-income students, and to move the public funding of post-secondary education more equitably to a 50-50 split of state and federal resources.

The community college financial aid officer no longer will be custodian of the funds available for student aid in the market of post-secondary education. Like the vet, the student now has the potential to spend his own financial aid as he wills. The "cost of education" incentive of the current push to recruit the Vietnam vet has been a harsh awakening for these institutions not able to meet the increased quota. The vet is not rushing to buy higher education; other attractions exist; the delayed choice keeps one's options open. So, too, the new student will no longer entreat the financial aid office for some aid. His entitlement is his to manage; he may save his voucher for the present; he may choose other post-secondary alternatives; he may pay a higher tuition bill to gain a greater grant. The financial aid officer is left with only the paper work.

III. APPROPRIATIONS LAG

In the interim, the difference between legislation and appropriation is a critical lag. Legislative policy loses much in translation into real amounts of money. Again and again, the college financial aid officer is called to do

the interim financing between the start of the school year and the availability of funds. As in the case with PHEAA, regularly the community college with a short term loan plan must advance the monies or charge off to later payment the anticipated state funding which is actualized later and later with the irregularity of legislative action and the growth of bureaucratic machinery. The new vet must wait six weeks into the semester before the V.A. computers crank out the first check, a lag only recently relieved by advance payment, when it works. The present BEOG law allows a 50% grant toward a local community college student cost of approximately $1513 (for the sponsoring district dependent student), but the funds currently appropriated limit the maximum grant to $452 (based on a zero family contribution), only 30% of cost.[10] Until such time as federal funding approaches the two billion dollar estimate of potential entitlement, the amount of actual federal funds available to students remains an early guess and a late shortage. College financial aid officers whose funding resources have been diminished will yet have the responsibility to make up the cost difference as far as the community college, low-income student is concerned.

Further, one must consider the indirect effect of delayed funding on the cash resources the community college may have available for advance payment to students waiting for government funds. Vocational education funds have a way of creeping through channels a year late. State and local portions of community college tuition reimbursement at very best is a mid-semester lag and, with the state, further lag is habitual depending on the budget politics of capitol hill. Meanwhile, the local institution, with only the cash of student-paid tuition, is called on to finance an increasing portion of the student aid not now at hand or no longer in the hands of the institutional decision-maker, the financial aid officer.

IV. COMMUNITY COLLEGE FOUNDATION

This paper makes the point that the federal policy system of student aid resources now granted directly to students, rather than through the institution, has changed the role of the financial aid officer. The contract for equal educational opportunity for all is forged directly by the government with the student. These resources are no longer deposited with the college for the use of the students it defines. This change might be effective in the ideal with complete funding for all who potentially seek access to post-secondary educational opportunity. But in the iterim, the community college financial aid officer must come up with resources to fund its students who have need. Presently, the financial aid officer needs to supply the missing remnant of the 70% BEOG unmet need of initial limited federal appropriation. He needs to secure the funds for other needy students whose family income exceeds the federal guidelines, or whose family contribution should be what it isn't. He needs to manipulate resources for independent students whom the government defines as dependent on family support which doesn't exist.

In addition, the financial aid office, as with the VA office, will need to be maintained as an administrative service cost for the local institution to do the record-keeping, the need analysis, the formal counseling, the student advocacy, the hassel untangling, still necessitated by a process which has removed decision-making and aid-dispensing from the financial aid person on the scene of immediate relationship to the student. As the veterans affairs officer testifies, the financial aid officer will become the scapegoat for the absentee governmental process which breaks down in meeting the frustrated student's need.

It is imperative that the financial aid officer have access to funds for student aid which cannot be manipulated by any decision-maker external to that

office. As federal policy decisions drain loan funds, work-study request, EOG resources from the account of monies with which the local financial aid officer packages student aid, a reliable treasury of funds must remain available for disbursement related to needs of students within the institution. But, on the other hand, these funds must not be used by institutions for financial aid only until other needs take institutional priority. For instance, auxiliary services profits may be available for scholarships in good times, until a building needs financing, or a deficit becomes real, or an emergency event transfers discretionary student aid resources to other institutional financial priorities.

Policies set by those, be they federal or local decision makers, who control the monies, take from the financial aid officer the responsibility of decision based on the personal counseling relationship of the institution with its students, and take the funds with which to meet real and immediate needs of its students. This take-over reduces the financial aid office responsibilities to a clerical task and a service convenience for the student in behalf of the government.

Educational opportunity for all, at least for the foreseeable interim of this shift in federal education policy decision related to student aid, does not mean adequate financial aid funds to meet real student needs, the most critical of which can be "forgone income."[11]

A priority need for the public community college is to accumulate a source of local financial aid funds which is independent of government and which cannot be manipulated by local institutional administration. An attractive vehicle for the development of such funding sources needed for financial aid is the Community College Foundation. This independent and inviolate mechanism has the benefit of a positive image of service, the confidence of a community-based board of

fund-raisers, the legal requirements of efficient management, the assurance of perpetual resource, and the potential interest of the "right people" with the right finances.[12] Such a repository for local financial aid funds is essential if any real decision-making responsibility is to be kept at the local institutional level of response to student need. However, such a foundation can only be undertaken with the full commitment of the institution to conserve the value of local student aid support for which big money must be secured and secure.[13]

NOTES

1. Dahl, Who Governs?, p. 155.
2. Lee, Charles W., "Needed Federal Support", National Agenda.
3. Wattenberger, James L., "Needed State and Local Support", National Agenda.
4. CEEB Newsletter, p. 3.
5. NASFAA Factsheet, p. 12.
6. Carnegie Commission Report, Who Pays?, p. 114.
7. Ibid, p. 59.
8. NASFAA Factsheet, p. 4.
9. CEEB Newsletter, p. 8.
10. Local community college illustration cited here is H.A.C.C.
11. Carnegie Commission Report, op.cit., p. 26f.
12. Stout, Fern D., "The Untapped Source of Revenue", Meeting the Financial Crisis, p. 80.
13. Woodbury, Kenneth B., Jr., "Community College Foundation", Community and Junior College Journal, 43:4, Dec/Jan 1973, p. 16.

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